

yw



SECURITIES AND EXCHANGE COMMISSION  
18001424

SEC  
Mail Processing  
Section

**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

FEB 28 2018

Washington DC  
408

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	August 31, 2020
Estimated average burden hours per response.....	12.00

SEC FILE NUMBER
8-45367

REPORT FOR THE PERIOD BEGINNING 01/01/7 AND ENDING 12/31/17  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: FINANCORP GROUP INTERNATIONAL CORPORATION

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

2400 EAST COMMERCIAL BLVD SUITE 825

(No. and Street)

Ft. Lauderdale

Florida

33308

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Alexander Baltovski

954-334-0009

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Hacker,Johnson & Smith PA

(Name - if individual, state last, first, middle name)

500 West Cypress Creek Road Suite 450

Ft. Lauderdale

Florida

33309

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:



Certified Public Accountant



Public Accountant



Accountant not resident in United States or any of its possessions.

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

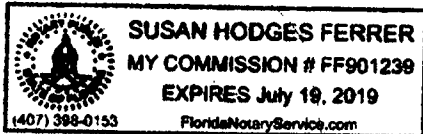
SEC 1410 (06-02)

Potential persons who are to respond to the collection of  
information contained in this form are not required to respond  
unless the form displays a currently valid OMB control number.

EB

## OATH OR AFFIRMATION

I, Victor Mercado, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of FINANCORP GROUP INTERNATIONAL CORPORATION, as of December 31, 20 17, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



*Sworn to and subscribed before me on February 26, 2018.*

*Susan H. Ferrer*  
Notary Public

*Victor Mercado*  
(Signature)

Principal  
Title

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☐ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

**FINANCORP GROUP INTERNATIONAL  
CORPORATION**

**STATEMENT OF FINANCIAL CONDITION**

**AS OF DECEMBER 31, 2017**

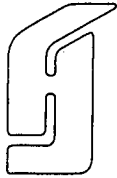
(FILED AS PUBLIC INFORMATION PURSUANT TO RULE 17a-5(d) UNDER THE SECURITIES  
EXCHANGE ACT OF 1934)

**FINANCORP GROUP INTERNATIONAL CORPORATION**

**DECEMBER 31, 2017**

**TABLE OF CONTENTS**

Report of Independent Registered Public Accounting Firm	1
Statement of Financial Condition	2
Notes to the Statement of Financial Condition	3-6



## HACKER, JOHNSON & SMITH PA

Fort Lauderdale  
Orlando  
Tampa

Certified Public Accountants

### Report of Independent Registered Public Accounting Firm

To the Stockholders  
Financorp Group International Corporation  
Fort Lauderdale, Florida

#### Opinion on the Statement of Financial Condition

We have audited the accompanying statement of financial condition of Financorp Group International Corporation (the "Company") as of December 31, 2017, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

We have served as the Company's auditor since 2015.

HACKER, JOHNSON & SMITH PA  
Fort Lauderdale, Florida  
February 22, 2018

**FINANCORP GROUP INTERNATIONAL CORPORATION**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2017**

**ASSETS**

Cash and cash equivalents	\$2,318,141
Receivable from broker	261,001
Furniture, equipment and leasehold improvements, net	188,518
Other assets	<u>40,732</u>

<b>TOTAL ASSETS</b>	<b><u>\$2,808,392</u></b>
---------------------	---------------------------

**LIABILITIES AND STOCKHOLDER'S EQUITY**

**LIABILITIES:**

Accrued liabilities	<u>407,089</u>
---------------------	----------------

<b>TOTAL LIABILITIES</b>	<b><u>\$ 407,089</u></b>
--------------------------	--------------------------

**COMMITMENTS AND CONTINGENCIES**

**STOCKHOLDER'S EQUITY:**

Common stock - \$.01 par value; 100 shares authorized, issued and outstanding	1
Additional paid-in capital	1,149,999
Retained earnings	<u>1,251,303</u>

<b>TOTAL STOCKHOLDER'S EQUITY</b>	<b><u>\$2,401,303</u></b>
-----------------------------------	---------------------------

<b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>	<b><u>\$2,808,392</u></b>
---	---------------------------

# **FINANCORP GROUP INTERNATIONAL CORPORATION**

## **Notes to the Statement of Financial Condition**

**Year ended December 31, 2017**

### **NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

Financorp Group International Corporation (the "Company") is a Delaware corporation which was organized on August 27, 1992 and commenced operations in March 1993. The Company was formed primarily to provide investment banking and brokerage services. The Company is a registered broker-dealer and is wholly owned by Financorp Group Holdings ("the Parent"), a company organized and existing under the laws of Delaware. Prior to June 30, 2016, the Company was wholly owned by FC Holdings AB, a Swedish Company ("FC"), owned by Juan Lorenzo Mendoza, chairman of the board of FC. The Company entered into a Subscription and Share Exchange Agreement with FC and with Financorp Group Holdings pursuant to which Financorp Group Holdings issued new shares representing 100% of issued and outstanding stock of Financorp Group Holdings in exchange for 100% of FC shares in the Company. The Company submitted a request for approval and was granted approval on February 24, 2016. The transaction was completed as of June 30 2016.

The Company provides brokerage services on an agency basis, which includes trading in "riskless" principal transactions. Transactions are made on a fully disclosed basis. The Company's customers are primarily institutional clients or high net worth individuals domiciled in localities outside the United States of America, many of which are affiliated through common ownership. During the year ending December 31, 2017 substantially all of the commission income earned by the Company was derived from these affiliates.

Furniture, equipment and leasehold improvements are stated at cost, net of accumulated depreciation and amortization. Depreciation and amortization are provided for using the straight-line method over the estimated lives of the respective assets or the life of the related lease.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities, if any, at the date of the financial statements, and revenue and expenses during the reporting periods. Actual results could differ from those estimates.

### **NOTE 2 - CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are defined as short-term, highly liquid money- market mutual funds with original maturities of less than 90 days. Deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

# **FINANCORP GROUP INTERNATIONAL CORPORATION**

## **Notes to the Statement of Financial Condition**

**Year ended December 31, 2017**

### **NOTE 2 - CASH AND CASH EQUIVALENTS**

At December 31, 2017, the cash of \$1,684,252 was held in interest-bearing accounts at Bank of America and \$633,889 at National Financial Services. The Securities Investor Protection Corporation (SIPC) insures the brokerage accounts with National Financial Services to the extent of \$500,000 (including up to \$250,000 for cash). The Company's cash account at times exceeds amounts covered by insurance provided by the FDIC and SIPC.

### **NOTE 3 - NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule ("Rule") and has elected to compute its net capital under the Basic Method of this Rule. This Rule requires that the Company maintain minimum net capital, as defined, equal to the greater of \$100,000 or 6-2/3% of aggregate indebtedness, as defined. The Rule also requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2017, the Company had net capital of \$2,172,053 which was \$2,072,053 in excess of its required net capital. The Company's aggregate indebtedness to net capital ratio was .1814 to 1. The Company is exempt from the provisions of SEC Rule 15c3-3 under Paragraph (k) (2) (ii).

### **NOTE 4 - RECEIVABLE FROM AND PAYABLE TO BROKER**

The Company conducts business primarily with one clearing broker on behalf of its customers. The Company earns commissions as an introducing broker for the transactions of its customers which are normally settled on a delivery-against-payment basis. The clearing operations for the Company's customer accounts are performed by its clearing broker pursuant to a clearing agreement.

The Company is subject to credit risk should the clearing broker be unable to repay the balance reflected on the statement of financial condition. The credit risk of customers is mitigated by the clearing broker's insurance coverage.

In the normal course of business, the Company's clearing broker is exposed to risk of loss on customer transactions in the event of customer's inability to meet the terms of its contracts; the clearing broker may have to purchase or sell securities at prevailing market prices in order to fulfill the customer's obligations. The Company has agreed to indemnify the clearing broker for losses that the clearing broker may sustain from the customer accounts introduced by the Company. For the month of December 2017, the Company earned \$430,123 of commission and interest revenue and incurred \$58,122 of clearing expenses. During the month of December 2017, the company received \$111,000 from the Clearing broker, resulting in a net receivable from the Clearing broker of \$261,001.



**FINANCORP GROUP INTERNATIONAL CORPORATION**

**Notes to the Statement of Financial Condition**

**Year ended December 31, 2017**

NOTE 5 – FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

At December 31, 2017, property and equipment were summarized as follows:

Leasehold improvements	\$129,502
Office furniture fixtures and equipment	<u>281,731</u>
Total, at cost	<u>411,233</u>
Less, accumulated depreciation and amortization	<u>222,715</u>
Furniture, equipment and leasehold improvements, net	<u><u>\$188,518</u></u>

NOTE 6 - COMMITMENTS AND CONTINGENCIES

The Company entered into a lease agreement on July 11, 2014 for office space in Ft. Lauderdale, Florida. The Company began occupying the space on March 1, 2015. This lease expires on March 31, 2022.

Deferred rent liability resulting from such straight-line adjustments is included in accrued liabilities and amounted to \$12,998 at December 31, 2017. The following represents future minimum lease payments required to be paid to the landlord under the non-cancelable portion of the leases:

Year Ending 12/31:	Amount
2018	\$ 39,489
2019	40,673
2020	41,894
2021	43,150
2022	<u>7,227</u>
	<u><u>\$172,433</u></u>

# FINANCORP GROUP INTERNATIONAL CORPORATION

## Notes to the Statement of Financial Condition Year ended December 31, 2017

### NOTE 7 - INCOME TAXES

In accordance with GAAP, deferred income tax assets and liabilities are computed for the differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to reverse.

Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable for the period and the change during the period in deferred tax assets and liabilities. The net deferred tax liability as illustrated on the statement of financial condition is \$3,708 as of December 31, 2017, and consists of the following:

Deferred Tax Assets (liabilities):	<u>Amount</u>
Deferred rent	\$ 3,294
Additional depreciation for tax	(16,668)
Unrealized gain on investments	9,666
Net deferred tax liability	<u>\$ (3,708)</u>

GAAP requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are more-likely-than-not of being sustained upon examination by the applicable tax authority, based on the technical merits of the tax position, and then recognizing the tax benefit that is more-likely-than-not to be realized. Tax positions deemed to meet the more-likely-than-not threshold would be recorded as a tax expense in the current reporting period. Management believes any such positions would be immaterial to the overall financial statements.

The Company's federal, state and city income tax returns for the years after 2014 remain subject to examination by the taxing authorities. The Company reports interest and penalties resulting from tax examination adjustments as income tax expense or benefit.

In December 2017 the Tax Cuts and Jobs Act of 2017 (the "tax act") went into effect reducing for year 2018 and onwards the corporate income tax rate from 35% to 21%. Deferred tax assets/liabilities will be re-measured using the new rate. The tax act is effective for tax years beginning after December 31, 2017.

### NOTE 8 - SUBSEQUENT EVENTS

The Company has evaluated subsequent events after December 31, 2017 through February 22, 2018, the date that the financial statements were available to be issued and available. It is determined that there were no subsequent events requiring disclosure in the financial statements.